

**MINUTES
REGULAR COMMISSION MEETING
THE PORT OF PORTLAND
May 9, 2012**

In response to due notice, the regular meeting of the Commissioners of the Port of Portland was held at 9:30 a.m. in the Chinook conference room of the Port's administrative offices located at 7200 NE Airport Way.

QUORUM

Commissioners present were Judi Johansen, President, presiding; Peter Bragdon; Jim Carter; Tom Chamberlain; Steve Corey; Diana Daggett; Bruce Holte (via teleconference) and Paul Rosenbaum. Also present were Bill Wyatt, Executive Director; participating staff members; and members of the public.

MINUTES

Commissioner Johansen called for a motion to approve the minutes of the Regular Commission Meeting of April 11, 2012. Commissioner Daggett moved to approve the minutes. Commissioner Bragdon seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion.

EXECUTIVE DIRECTOR'S REPORT

Vince Granato, Chief Operations Officer, said he is sitting in for Bill Wyatt, who is traveling to New York with Sam Ruda to attend the 19th Annual International Maritime Hall of Fame 2012 Awards, honoring Matthew Rose, Chairman and CEO of BNSF Railway.

Mr. Granato welcomed Cindy Nichol, the Port's new Chief Financial Officer. He said Cindy comes to the Port from San Francisco International Airport, where she served as finance director since 2008. Mr. Granato said Cindy began her career at the Massachusetts Port Authority, where she worked on debt issuance, budgeting, revenue enhancement and rate-setting for Massport's airport, seaport and real estate. He said Cindy will bring a wealth of experience to the Port.

Mr. Granato recognized Scott Fresvik, who has been with the Port almost 20 years and will be leaving in June to spend more time with his family. He thanked Scott for his hard work during his tenure.

Mr. Granato noted today is Oregon OSHA's Safety Break for Oregon 2012 and the Port is recognizing the event with communications that will go out to staff to reinforce safety and keep it top of mind for everyone.

Mr. Granato said the Port was the recipient of a Federal Aviation Administration (FAA) award, "For Outstanding Achievement in the Multi-Year Construction of Major Runway Improvements at the Portland International Airport," which was presented to us for our work on the North and South runways. He said this was nice recognition from the FAA and thanked engineering staff, contractors and the rest of the staff for all their hard work.

Mr. Granato said Frontier Airlines will begin new service to Colorado Springs on May 20 and the service will run through September 16. He said Virgin America will start their LAX and SFO flights on June 5. Mr. Granato said Virgin is planning an event that day to celebrate the start of service. Mr. Granato said it is exciting to have a new carrier at PDX as well as the additional service.

Mr. Granato said that later this month, the Transportation Security Administration (TSA) will begin their TSA Pre✓™ program, an expedited security process at checkpoints when traveling domestically. Mr. Granato said Alaska Airlines, Delta Air Lines and American Airlines frequent flyers are the first eligible to participate. Mr. Granato said we think it will be a good program and looks forward to expanding the program and getting more people to utilize it. Mr. Granato noted that initially, this would only be available at the ABC checkpoint.

Commissioner Johansen complimented the Port's relationship with the TSA and noted that she understands the new screening technology creates issues for moving people quickly through security. However, she pointed out that the lines at the ABC checkpoints are often quite long. She said that given the infrequency of flights coming out of Concourse A especially, she sees a lot of people running to catch their flights after waiting in the TSA lines for quite a while. She requested a briefing or information about what is being done to improve passengers' screening experience through security. She said that in the past, if you missed a flight it was not a big concern because there was always another flight an hour or so later; that is not the case today due to the airlines' reduction of flights.

Mr. Granato said that Daren Griffin and Mark Crosby have been working closely with the TSA, and acknowledged that the TSA will take some capacity out of the system with their new program. Also there will be fewer lines available for the rest of the general population. He said we have been working with the TSA to get a reallocation of their staffing resources, as well as educating people about what to be prepared for and what to expect.

Mr. Granato said that on April 30, PDX met a major milestone with the deicing program. He said that since 2006 we have been operating under a Mutual Agreement Order with the Department of Environmental Quality to get the rest of the airport operating under the permit. April 30 was the deadline to get the system up, on-line and tested, and that deadline has been met. The system as designed and tested was able to complete all the requirements under our permits.

Mr. Granato noted ConGlobal Industries will be moving its Portland operations to a facility leased from the Port in Rivergate Industrial District. He said the company is North America's largest full-service supplier to the intermodal industry, providing depot services, equipment sales and transportation services. He said this new location will be fully operational by mid-May. He said ConGlobal will be located approximately two miles from the container shipping operations at Terminal 6 and expects its customers will experience savings in drayage costs from the terminal to their new facility.

Commissioner Johansen called for a motion to approve the Executive Director's Report. Commissioner Daggett moved to approve the Executive Director's Report. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion.

CONSENT AGENDA

No presentation was made of the following agenda item, which was brought before the Commission as part of the Consent Agenda. Commissioner Johansen recognized two people in the audience from the City of Beaverton: Don Mazziotti, Community & Economic Development Director, and Alma Flores, Economic Development Manager. Commissioner Johansen read the title of the agenda item and called for a motion to approve the item.

Agenda Item No. 1

CONSENT TO ENTERPRISE ZONE APPLICATION BY THE CITY OF BEAVERTON

BE IT RESOLVED, That the Port of Portland Commission consents to an application by the City of Beaverton for an Enterprise Zone located within Port of Portland district boundaries.

Following the reading of the title of the Consent Agenda by Commissioner Johansen, Commissioner Daggett moved that the Executive Director's recommendations be approved and Commissioner Bragdon seconded the motion. The motion was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion.

ACTION ITEMS

Agenda Item No. 2

CONCESSION LEASE – PENDLETON WOOLEN MILLS, INC. – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to enter into a new concession lease with Pendleton Woolen Mills, Inc., for the operation of a retail store in the Oregon Market at Portland International Airport.

Rebecca Sonniksen presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into a concession lease with Pendleton Woolen Mills, Inc., at the Portland International Airport, based on the terms and conditions described herein; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Johansen called for a motion to approve the Executive Director's recommendations. Commissioner Corey moved that the Executive Director's recommendations be approved. Commissioner Carter seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion.

Agenda Item No. 3

2012-2013 ADMINISTRATIVE COMPENSATION PROGRAM

This agenda item requested Commission approval to fund the merit pool and additional compensation for promotions, equity and special adjustments for the Port of Portland's Fiscal Year 2012-2013 Administrative Compensation Program.

James Trujillo presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to implement the Port of Portland's Fiscal Year 2012-2013 Administrative Compensation Program consistent with the terms presented to the Port of Portland Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Johansen called for a motion to approve the Executive Director's recommendations. Commissioner Bragdon moved that the Executive Director's recommendations be approved. Commissioner Holte seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion.

Agenda Item No. 4

PORT OF PORTLAND FISCAL YEAR 2012-2013 BUDGET APPROVAL

This agenda item requested that the Commission, acting as the Port of Portland's (Port) Budget Committee, approve the Port's Fiscal Year (FY) 2012-2013 Budget (Budget) and authorize its submittal to the Tax Supervising and Conservation Commission (TSCC) for its public hearing on June 13, 2012. The TSCC is an independent, impartial panel of citizen volunteers established to monitor the financial affairs of local governments. The TSCC, required in counties with a population over 500,000, has jurisdiction over all local governments that are required to follow local budget law and that have more than half of their real market value within Multnomah County. After review by the TSCC, Commission approval will be requested to adopt the Budget at a special meeting on June 22, 2012. At that time, the Commission may take into consideration any suggestions of the TSCC or make other modifications to the Budget subject to the limitations of Oregon Revised Statutes (ORS) 294.435.

Suzanne Kenny presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That the Port of Portland's Budget document for Fiscal Year 2012-2013 as presented to the Port of Portland Commission is approved; and

BE IT FURTHER RESOLVED, That the maximum tax levy for the General Fund of the Port of Portland be set at a rate of \$0.0701 per thousand of assessed value, such rate subject to the local government limitation; and

BE IT FURTHER RESOLVED, That the Budget Officer is directed to submit the Budget document to the Tax Supervising and Conservation Commission for a public hearing and for orders, recommendations or objections as provided by law.

Commissioner Johansen called for a motion to approve the Executive Director's recommendations. Commissioner Rosenbaum moved that the Executive Director's recommendations be approved. Commissioner Corey seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion.

Agenda Item No. 5

CONTRACT – APPOINTMENT OF INDEPENDENT AUDITOR

This item requested approval to enter into a five-year audit services contract with PricewaterhouseCoopers, LLP, to conduct a required independent audit of the Port of Portland's financial records for each Fiscal Year 2012 through 2016.

Bob Burket presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to enter into an audit services contract with PricewaterhouseCoopers, LLP, to perform an independent audit of the Port's financial records for Fiscal Years 2012 through 2016, consistent with the terms presented to the Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Johansen called for a motion to approve the Executive Director's recommendations. Commissioner Daggett moved that the Executive Director's recommendations be approved. Commissioner Carter seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Chamberlain, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion.

Agenda Item No. 6

CONSTRUCTION CONTRACT – CENTRAL UTILITY PLANT BOILER AND FUEL OIL REPLACE AND UPGRADE – PORTLAND INTERNATIONAL AIRPORT

This agenda item requested approval to award a construction contract in the amount of \$1,294,264 to Anderson Environmental Contracting, LLC, to replace and upgrade the fuel oil storage tanks, condensate tank and miscellaneous components of the steam system in the Central Utility Plant at Portland International Airport.

George Seaman presented the Executive Director's recommendations as follows:

BE IT RESOLVED, That approval is given to implement the Port of Portland's Fiscal Year 2012-2013 Administrative Compensation Program consistent with the terms presented to the Port of Portland Commission; and

BE IT FURTHER RESOLVED, That the Executive Director or his designee is authorized to execute the necessary documents on behalf of the Port of Portland Commission in a form approved by counsel.

Commissioner Chamberlain asked if the Port has a policy about responsible bidder language regarding prevailing wage jobs and whether the contractors' employees would get healthcare benefits. He said his understanding is that the bids were very close and that one of the bidders provides healthcare and pension benefits. Commissioner Chamberlain said he will abstain from voting until he knows what benefits the contractor provides. Mr. Seaman said the bids were not that close; the second bidder, Harder Mechanical, was approximately \$1.5 million. He said Harder Mechanical will be the subcontractor to Anderson Environmental and will be doing the bulk of the interior, mechanical work while Anderson Environmental will be doing the exterior work.

Commissioner Johansen called for a motion to approve the Executive Director's recommendations. Commissioner Bragdon moved that the Executive Director's recommendations be approved. Commissioner Corey seconded the motion, which was put to a voice vote. Commissioners Bragdon, Carter, Corey, Daggett, Holte, Johansen and Rosenbaum voted in favor of the motion. Commissioner Chamberlain abstained from voting.

The meeting adjourned at 10:12 a.m.

President

Assistant Secretary

Date Signed

An audio recording of these proceedings and the full Commission agenda is available by contacting the Port of Portland administrative offices, 7200 N.E. Airport Way, Portland, Oregon 97218.